

## New nameplates to propel growth...

**About the stock:** Hyundai Motors India (HMIL), is a part of South Korea based the "Hyundai Motor Group". HMIL is a prominent auto OEM in the domestic passenger vehicle space in terms of sales volumes with market share pegged at 12.6% in FY26.

- Its portfolio includes 14 models across major passenger vehicle segments including Grand i10, Aura, Verna, Exter, Venue & Creta among others

**Q4FY26 Results:** HMIL reported muted Q4FY26 results, guides for robust FY27. Sales volume for Q4'26 stood at 2.1 lakh units, up 8.7% YoY. Total operating income for Q4FY26 came in at ₹ 18,916 crore with ensuing ASPs at ~₹ 8.85 lakh/unit, down ~2% QoQ. SUV share of sales in total domestic PV sales volume stood at ~64% (vs. 70% in Q3FY26). EBITDA margins for the quarter came in at 10.4%, down ~85 bps QoQ. Consequent PAT in Q4FY26 came in at ₹1,256 crore, down 22% YoY.

### Investment Rationale:

- Structural Demand Tailwind Backed by Policy Reform:** GST 2.0 have had a positive influence on the auto industry and have resulted in improved sentiments in the domestic market. In Q4FY26 PV volumes delivered a record-breaking performance, with sales hitting an all-time high of 13.2 lakh units, up 13% YoY, making it the strongest Q4 on record while clocking its highest ever sales of 46 lakh units in FY26, (up 8% YoY) on the back of improved affordability following the GST rate reduction. The current shift in domestic consumer's preference toward upright seating position, advance tech features loaded safety-oriented vehicles has fuelled growth of the SUV segment. HMIL has been a clear beneficiary of this trend, with its SUV sales growing rapidly and accounting ~68% of its total sales, vs. ~67% share for the industry, led by popular models such as Creta & Venue.
- Strong growth expected on back of new launches with Margin recovery levers:** Hyundai is entering a high product cycle phase, with two major launches in FY27 (including a localized EV), which are expected to drive incremental volumes in high-demand SUV segments. Combined with strong brand positioning, rural expansion, and rising CNG/EV penetration, HMIL is well-placed to outperform industry growth and gain market share. The ability to leverage India as both a domestic growth engine and export hub further strengthens long-term revenue visibility. While margins were impacted in FY26 due to commodity inflation and capacity investments, multiple levers exist for recovery—price hikes, normalization of one-offs, improved capacity utilization levels & ongoing cost optimization through localization & value engineering. These factors should support profitability, making the guided 11–14% margin range achievable over medium term.

### Rating and Target Price

- HMIL's domestic sales volume have been muted in FY26. The company however is confident of achieving 8-10% volume growth in FY27E on the back of 2 new model launches in FY27 (mid-size SUV in ICE, compact EV). This coupled with margin recovery should support healthy double-digit earnings growth going forward. We therefore maintain our **BUY** rating on the stock & now value HMIL at ₹ 2,175 i.e. **26x P/E on FY28E EPS**.

### Key Financial Summary

Key Financials (₹ crore)	FY22	FY23	FY24	FY25	FY26P	5 year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Sales	47,379	60,308	69,830	69,193	70,763	11.5%	80,257	89,481	12.5%
EBITDA	5,486	7,549	9,133	8,954	8,598	15.2%	8,956	10,917	12.7%
EBITDA Margins (%)	11.6	12.5	13.1	12.9	12.2		11.2	12.2	
Net Profit	2,902	4,709	6,061	5,640	5,432	23.6%	5,582	6,796	11.9%
Reported EPS (₹)	35.7	58.0	74.6	69.4	66.8		68.7	83.6	
RoNW (%)	17.2	23.5	56.8	34.6	27.1		23.4	23.7	
RoCE (%)	17.7	24.2	55.0	37.7	29.1		25.5	26.3	
P/E (x)	51.8	31.9	24.8	26.7	27.7		26.9	22.1	

Source: Company, ICICI Direct Research



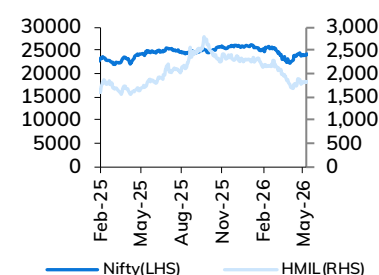
### Particulars

Particulars	₹ crore
Market Capitalisation	1,50,320
Total Debt (FY26P)	997
Cash & Inv. (FY26P)	10,552
EV (₹ crore)	1,40,765
52 week H/L (₹)	2,890 / 1,635
Equity Capital (FY26P)	813
Face Value (₹)	10

### Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	82.5	82.5	82.5	82.5
FII	7.1	7.3	6.4	5.4
DII	7.8	7.7	8.6	9.7
Other	2.7	2.4	2.5	2.4

### Price Chart



### Recent event & key risks

- Reports muted Q4'26. Announces 2 new nameplate launches for FY27E (mid-size SUV in ICE, Compact EV – grounds up).
- Key Risk: i) lower than anticipated margins recovery amidst volatile commodity prices ii) lower than anticipated sales volume growth over FY26- FY28E

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## Q4FY26 Earnings Conference Call highlights

- **Business Performance:** The company recorded 8.5% YoY domestic volume growth in Q4'26, achieving its highest-ever quarterly domestic sales. This recovery was aided by new product interventions, improved customer sentiment, and capacity readiness. SUVs continued to dominate the portfolio mix, while hatchbacks and sedans also saw improvement in Q4 due to pricing benefits and product refreshes. Rural penetration reached an all-time high at 25%, supported by network expansion, while CNG adoption increased meaningfully, reflecting shift toward alternative fuels.
- **Product strategy and growth drivers:** The company maintained strong momentum through product refreshes like EXTER and VERNA, while the new VENUE gained traction and strengthened Hyundai's position in the compact SUV segment. Looking ahead, Hyundai plans to launch two new nameplates in FY27—one ICE SUV (mid-size) and one localized EV in the compact SUV segment, both expected to drive meaningful volume growth. These launches are aligned with high-demand segments and will also be leveraged for export markets over time.
- **Export Performance:** Exports remained a key growth pillar despite geopolitical disruptions, especially in the Middle East. Hyundai mitigated risks by increasing focus on alternative markets such as Latin America and Mexico, alongside expanding product offerings in export geographies. The company also positioned India as a global manufacturing hub (e.g., VENUE), strengthening its export-led growth model. Management remains confident of 8–10% export growth in FY27, driven by, new launches, and diversification strategies, even amid macro uncertainties.
- **Margin drivers & Cost pressure:** Profitability declined due to commodity inflation, unfavourable mix, and capacity-related costs, with EBITDA margin at 10.4% vs 14.1% YoY. Full-year EBITDA margin stood at 12.2%, within guided range. Margin pressures were partly offset by calibrated price increases, cost control measures, and government incentives. Management highlighted that commodity headwinds (~120 bps impact QoQ) and one-off costs affected Q4, but some of these are non-recurring.
- **Capacity Expansion & Utilization:** Hyundai announced a record Capex of ₹7,500 crore in FY27, with ~50% allocated to new products and ~30% toward plant investments (Pune expansion and Chennai upgrades). The company continues to scale capacity aggressively, targeting >1.1 million units by 2030, including expansion of the Pune plant to 320,000 units, (announced a phase three of adding 70K unit capacity by FY30). Capacity optimization remains a key margin lever, with upcoming models expected to improve utilization at the Chennai plant.
- **Growth Outlook & Guidance:** Hyundai expects 8–10% growth in both domestic and export volumes in FY27, significantly outperforming industry growth estimates (~3–6%). The company is confident of gaining market share driven by new launches, expanded capacity, and strong execution. Despite near-term headwinds (commodity inflation, geopolitics), management reiterated its EBITDA margin guidance of 11–14%, supported by pricing actions, cost optimization, and improved utilization.

## Key tables and charts

### Exhibit 1: Quarterly Analysis

	Q4FY26	Q4FY25	YoY (Chg %)	Q3FY26	QoQ (Chg %)
Total Operating Income	18,916	17,940	5.4	17,973	5.2
Raw Material Expenses	13,799	12,779	8.0	12,831	7.5
Employee Expenses	806	602	33.9	699	15.3
Other expenses	2,345	2,027	15.7	2,425	-3.3
Operating Profit (EBITDA)	1,966	2,533	-22.4	2,018	-2.6
EBITDA Margin (%)	10.4	14.1	-372 bps	11.2	-84 bps
Other Income	259	210	23.8	244	6.5
Depreciation	584	530	10.0	569	2.6
Interest	38	36	3.8	27	39.2
Total Tax	348	561	-37.9	432	-19.3
PAT	1,256	1,614	-22.2	1,234	1.7
EPS	15	20	-22.2	15	1.7
<b>Key Metrics</b>					
Sales Volume	2,08,275	1,91,650	8.7	1,95,436	6.6
ASP (₹)	8,85,268	9,14,545	-3.2	9,01,462	-1.8

Source: Company, ICICI Direct Research

### Exhibit 2: Assumptions

	Current							
	FY21	FY22	FY23	FY24	FY25	FY26P	FY27E	FY28E
Total Volumes (lakh units)	5.8	6.1	7.2	7.8	7.6	7.8	8.4	9.1
Average ASPs (₹ lakh/unit)	7.0	7.6	8.2	8.8	8.9	9.0	9.3	9.6
RMC/Unit (₹ lakh/unit)	5.4	5.9	6.2	6.6	6.6	6.5	7.0	7.1

Source: ICICI Direct Research

### Exhibit 3: Change in headline estimates

(₹ Crore)	FY27E			FY28E		
	Old	New	% Change	Old	New	% Change
Total Op. Income	81,037	80,257	-1.0	90,181	89,481	-0.8
EBITDA	10,130	8,956	-11.6	12,265	10,917	-11.0
EBITDA Margin (%)	12.5	11.2	-134 bps	13.6	12.2	-140 bps
PAT	6,217	5,582	-10.2	7,611	6,796	-10.7
EPS (₹)	77.0	69	-10.2	94	84	-10.7

Source: ICICI Direct Research

### Exhibit 4: HMIL – Outlook



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 5: Profit and loss statement				
	₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E
Total operating Income	69,193	70,763	80,257	89,481
Growth (%)	(0.9)	2.3	13.4	11.5
Raw Material Expenses	49,929	50,481	59,182	65,321
Employee Expenses	2,311	2,747	2,970	3,132
Other Expenses	7,999	8,937	9,149	10,111
Total Op. Expenditure	60,239	62,165	71,301	78,565
EBITDA	8,954	8,598	8,956	10,917
Growth (%)	(2.0)	(4.0)	4.2	21.9
Depreciation	2,105	2,198	2,408	2,595
Interest	127	106	111	166
Other Income	870	949	1,005	906
PBT	7,591	7,243	7,443	9,061
Total Tax	1,951	1,812	1,861	2,265
Reported PAT	5,640	5,432	5,582	6,796
Growth (%)	(6.9)	(3.7)	2.8	21.7
Reported EPS (₹)	69.4	66.8	68.7	83.6

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit before Tax	7,591	7,243	7,443	9,061
Add: Depreciation & Interest	2,232	2,304	2,518	2,761
(Inc)/dec in Current Assets	(346)	(472)	(1,316)	(1,062)
Inc/(dec) in CL and Provisions	(1,850)	356	1,720	1,510
Others	(1,951)	(1,812)	(1,861)	(2,265)
CF from operating activities	5,676	7,620	8,505	10,005
(Inc)/dec in Investments	-	-	-	-
(Inc)/dec in Fixed Assets	(5,749)	(4,237)	(7,500)	(9,000)
Others	(253)	204	(40)	(40)
CF from investing activities	(6,002)	(4,033)	(7,540)	(9,040)
Proceeds from Issuance of Equity	-	-	-	-
Borrowings, leases & interest	1,593	92	(261)	1,034
Dividend paid & dividend tax	(1,706)	(1,706)	(1,706)	(2,031)
CF from financing activities	(114)	(1,615)	(1,967)	(998)
Net Cash flow	(439)	1,973	(1,002)	(33)
Opening Cash	9,018	8,579	10,552	9,550
Closing Cash	8,579	10,552	9,550	9,517

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet				
	₹ crore			
(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Liabilities</b>				
Equity Capital	813	813	813	813
Reserve and Surplus	15,484	19,202	23,079	27,843
Total Shareholders funds	16,297	20,015	23,891	28,656
Total Debt	792	997	847	2,047
Deferred Tax Liability	-	-	-	-
Minority Interest / Others	1,951	1,979	1,999	2,019
Total Liabilities	19,040	22,990	26,737	32,721
<b>Assets</b>				
Gross Block	23,564	31,794	39,019	48,019
Less: Acc Depreciation	16,654	18,852	21,260	23,855
Net Block	6,910	12,942	17,759	24,164
Capital WIP	4,718	725	1,000	1,000
Total Fixed Assets	11,628	13,667	18,759	25,164
Goodwill & Investments	195	128	138	148
Inventory	3,404	3,594	3,958	4,413
Debtors	2,389	2,194	2,858	3,187
Other Current Assets	1,660	2,138	2,424	2,703
Cash	8,579	10,552	9,550	9,517
Total Current Assets	16,032	18,477	18,791	19,820
Creditors	7,086	7,201	8,356	9,316
Provisions	497	597	677	755
Other current liabilities	3,474	3,616	4,101	4,573
Total Current Liabilities	11,058	11,414	13,134	14,643
Net Current Assets	4,974	7,063	5,657	5,176
Others	2,242	2,132	2,182	2,232
Application of Funds	19,040	22,990	26,737	32,721

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Per share data (₹)</b>				
EPS	69.4	66.8	68.7	83.6
Cash EPS	95.3	93.9	98.3	115.6
BV	200.6	246.3	294.0	352.7
Cash Per Share	105.6	129.9	117.5	117.1
<b>Operating Ratios (%)</b>				
EBITDA Margin	12.9	12.2	11.2	12.2
PBT / Net sales	9.9	9.0	8.2	9.3
PAT Margin	8.2	7.7	7.0	7.6
Inventory days	18.0	18.5	18.0	18.0
Debtor days	12.6	11.3	13.0	13.0
Creditor days	37.4	37.1	38.0	38.0
<b>Return Ratios (%)</b>				
RoE	34.6	27.1	23.4	23.7
RoCE	37.7	29.1	25.5	26.3
RoIC	140.7	59.8	43.2	39.3
<b>Valuation Ratios (x)</b>				
P/E	26.7	27.7	26.9	22.1
EV / EBITDA	15.9	16.4	15.8	13.1
EV / Net Sales	2.1	2.0	1.8	1.6
Market Cap / Sales	2.2	2.1	1.9	1.7
Price to Book Value	9.2	7.5	6.3	5.2
<b>Solvency Ratios</b>				
Debt/EBITDA	0.1	0.1	0.1	0.2
Debt / Equity	0.0	0.0	0.0	0.1
Current Ratio	1.0	1.0	1.0	1.0
Quick Ratio	0.5	0.6	0.6	0.6

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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